

Message Text

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TAGS: EINV, IEND, EFIN, AR
SUBJECT: FOREIGN INVESTMENT IN ARGENTINA

REF: BUENOS AIRES 0753

1. THE MINISTRY OF ECONOMY HAS RELEASED A REPORT GIVING THE
FOLLOWING STATISTICS ON THE AMOUNTS OF FOREIGN INVESTMENT IN
ARGENTINA BY COUNTRY AND SECTOR REGISTERED WITH THE GOA AS OF
AUGUST 26, 1976:

A) COUNTRY ORIGIN:

COUNTRY	AMOUNT (MILLIONS \$)	PERCENTAGE OF TOTAL
US	1,824	39.7
UK	437	9.5
SWITZERLAND	433	9.4
FRANCE	413	9.0
W. GERMANY	313	6.7
HOLLAND	202	4.4
CANADA	174	3.7
PANAMA	143	3.0
LUXEMBURG	125	2.6

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URUGUAY	116	2.5
SWEDEN	81	1.7
ITALY	60	1.3
OTHERS	263	5.7
TOTAL	4,584	100.0

B) SECTOR DESTINATION:

METAL PRODUCTS (EXCEPT		
MACHINERY)	477	10.4
FINANCIAL	467	10.2
PETROLEUM REFINING	451	9.8
TRANSPORTATION	374	8.2
EQUIPMENT		
CHEMICAL PRODUCTS	364	7.9
AGRICULTURE	288	6.3
CHEMICALS, INDUSTRIAL		
SUBSTANCES	209	4.6
PETROLEUM-BASED		
PRODUCTS	200	4.4
ELECTRICAL MACHINERY	191	4.2
FOOD (EXCEPT BEVERA-		
GES)	169	3.7
COMMERCE	157	3.4
BEVERAGES	107	2.3
IRON AND STEEL	106	2.3
TEXTILES	93	2.0
MACHINERY (EXCEPT		
ELECTRICAL)	92	2.0
NATURAL GAS	87	1.9
CONSTRUCTION	75	1.6
NON-METALLIC MINERALS	74	1.6
SERVICES, COMMUNI-		
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CATIONS, HOTELS	72	1.6
OTHER	530.4	11.5
TOTAL	4,584	100.0

2. THE REPORT ALSO INDICATES THAT THE GOA HAS APPROVED NEW FOREIGN INVESTMENTS TOTALING \$217 MILLION DURING THE PERIOD MARCH 1977 -- MARCH 1978, OF WHICH \$119.2 MILLION CONSISTS OF TEMPORARY CONTRIBUTIONS OF CAPITAL FOR THE PRODUCTION OF PETROLEUM AND GAS. DURING THIS PERIOD, APPROVED FOREIGN INVESTMENT FROM THE U.S. TOTALS \$120.4 MILLION, OF WHICH \$105.9 MILLION IS FOR THE TEMPORARY IMPORT OF CAPITAL FOR THE PRODUCTION OF PETROLEUM AND GAS. IN ADDITION, THE REPORT INDICATES THAT FOREIGN INVESTMENT PROJECTS TOTALING \$182 MILLION ARE CURRENTLY UNDER CONSIDERATION BY THE UNDER SECRETARIAT FOR FOREIGN INVESTMENT.

3. COMMENT: A) THE REPORT'S FIGURE FOR U.S. DIRECT INVESTMENT IN ARGENTINA IS \$460 MILLION HIGHER THAN THE ESTIMATE GIVEN BY THE SURVEY OF CURRENT BUSINESS FOR YEAR-END 1976. B) THE INFORMATION ON GOA APPROVALS OF NEW FOREIGN INVESTMENTS IN THE MARCH 1977-MARCH 1978 SUGGESTS FOREIGN INVESTMENT INTEREST IN ARGENTINA IS

INCREASING BUT IS STILL AT A MODEST LEVEL - PARTICULARLY
CONSIDERING THAT ABOUT ONE HALF OF THE INVESTMENT
APPROVALS INVOLVE "TEMPORARY" IMPORTS OF CAPITAL IN THE
PETROLEUM SECTOR AND THAT IT WILL TAKE SOME TIME FOR THE
APPROVED PROJECTS TO BE IMPLEMENTED.

4. COPY OF REPORT WILL BE POUCHED.
CASTRO

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